

Message Text

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ORIGIN XMB-07

INFO OCT-01 EUR-25 ISO-00 AID-20 CIAE-00 COME-00 EB-11

FRB-03 INR-11 NSAE-00 RSC-01 TRSE-00 OPIC-12 SP-03

CIEP-03 LAB-06 SIL-01 OMB-01 PA-04 PRS-01 USIA-15

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XMB:WARREN W GLICK ACTING EXECUTIVE VP

EB/IFD/ODF:MLINTON

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R 042128Z SEP 74

FM SECSTATE WASHDC

TO AMEMBASSY OTTAWA

UNCLAS STATE 193875

E.O. 11652: N/A

TAGS: APUB, CA

SUBJECT: PRESS RELEASE ON EXIMBANK CREDIT TO CANADA

FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON THE DIRECT CREDIT OF \$466,200 TO NEWFOUNDLAND LIGHT AND POWER COMPANY, LIMITED OF MONTREAL, CANADA. RELEASE IS SCHEDULED FOR ANNOUNCEMENT HERE IN WASHINGTON, DC FOR AM PAPERS, WEDNESDAY, SEPTEMBER 11, 1974.

QUOTE: EXIMBANK CREDIT OF \$466,200 SUPPORTS OVER \$1 MILLION SALE OF GAS TURBINE GENERATING SET TO CANADA

TO SUPPORT A \$1,036,000 SALE OF A GAS TURBINE GENERATING SET TO CANADA, THE BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK OF THE UNITED STATES HAS AUTHORIZED A DIRECT CREDIT OF \$466,200 TO FINANCE 45 PERCENT OF THE TOTAL U.S. COSTS, ACCORDING TO EXIMBANK'S CHAIRMAN WILLIAM J. CASEY. A CREDIT OF \$466,200
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FROM ROYAL BANK OF CANADA, WILL FIANCE ANOTHER 45 PERCENT.

THE OBLIGOR, NEWFOUNDLAND LIGHT AND POWER COMPANY, LIMITED OF MONTREAL, CANADA, WILL MAKE CASH PAYMENT OF THE BALANCE OF THE TOTAL U.S. COSTS OF 10 PERCENT OR \$103,600.

NEWFOUNDLAND LIGHT AND POWER COMPANY PLANS TO INSTALL THE SINGLE 25 MW GAS TURBINE GENERATING SET WHICH WILL BE PROVIDED BY CURTISS-WRIGHT CORPORATION OF WOODRIDGE, NEW JERSEY, AT GRAND BANK ON THE SOUTHWEST COAST OF THE BURIN PENINSULA, NEWFOUNDLAND. THE PACKAGE TYPE UNIT WILL BE UTILIZED AS AN EMERGENCY POWER SOURCE IN THE EVENT OF A POWER FAILURE, AS A PEAKING POWER SOURCE, AND AS A SYNCHRONOUS CONDENSER FOR TRANSMISSION LINE COMPENSATION AS REQUIRED.

THE LOANS ARE TO BE REPAID IN 16 SEMIANNUAL INSTALLMENTS BEGINNING NO LATER THAN APRIL 5, 1976. EXIMBANK'S CREDIT OF \$466,200 WILL BE REPAID OUT OF THE LAST 8 INSTALLMENTS AT AN INTEREST RATE OF 7 PERCENT PER ANNUM, WHICH WHEN BLENDED WITH THE PORTION OF THE CREDIT EXTENDED BY THE PARTICIPATING COMMERCIAL BANK RESULTS IN AN ESTIMATED INTEREST COST TO THE BORROWER OF ABOUT 8.5 PERCENT TO 8.75 PERCENT PER ANNUM. UNQUOTE. INGERSOLL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 04 SEP 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE193875
Document Source: CORE
Document Unique ID: 00
Drafter: XMB:AMOHANIAN
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740245-1101
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740975/aaaaclfz.tel
Line Count: 82
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN XMB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 19 MAR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <19 MAR 2002 by maustmc>; APPROVED <15-Aug-2002 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PRESS RELEASE ON EXIMBANK CREDIT TO CANADA FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON THE
TAGS: APUB, CA
To: OTTAWA
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005